

# News

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## AVERAGE ANNUAL PAY IN THE NEW YORK-NORTHERN NEW JERSEY- LONG ISLAND AREA INCREASED 2.1 PERCENT IN 2001

Average annual pay of workers in the New York-Northern New Jersey-Long Island Consolidated Metropolitan Statistical Area (CMSA) reached \$51,121 in 2001, according to preliminary data from the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Denis M. McSweeney noted that the greater New York area's pay growth averaged 2.1 percent, well below the previous year's rise of 7.1 percent. Among all 18 CMSAs in the nation, annual pay averaged \$43,424, growing 1.8 percent over the year.

Average annual pay data are compiled from reports submitted by employers subject to state and federal unemployment insurance (UI) laws covering 129.7 million full- and part-time jobs. Average annual pay is computed by dividing the total annual payrolls of employees covered by UI programs by the average monthly number of these employees. (See Technical Note.) Pay differences between areas reflect the composition of employment by industry, occupation, and hours of work, as well as other factors. For example, average annual pay levels in retail trade industries are reduced by the relatively large share of part-time workers. Over-the-year pay changes for areas may reflect shifts in the composition of employment, as well as changes in the level of average pay.

The greater New York area had the second highest pay level among the nation's CMSAs, behind San Francisco-Oakland-San Jose, Calif. (\$54,182). Miami-Fort Lauderdale, Fla., had the lowest average annual pay (\$34,304) among the 18 largest areas for the eighth consecutive year, and Cleveland-Akron, Ohio (\$34,945) the second lowest.

The highest percentage pay increase among the CMSAs from 2000 to 2001 was in Washington-Baltimore, D.C.-Md.-Va.-W.Va., at 5.0 percent. Houston-Galveston-Brazoria, Texas and Sacramento-Yolo, Calif. followed at 4.4 and 4.1 percent, respectively. San Francisco-Oakland-San Jose, Calif. was the only CMSA that recorded a decline in pay, down 4.2 percent. The smallest percentage increases occurred in Detroit-Ann Arbor-Flint, Mich. (0.5 percent); Seattle-Tacoma-Bremerton, Wash. (0.6 percent); and Portland-Salem, Ore.-Wash. (0.7 percent). Overall, 12 of the 18 CMSAs exceeded the 1.8 percent growth in pay for all CMSAs, including New York (2.1 percent).



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Among the 11 Primary Metropolitan Statistical Areas (PMSAs) that comprise the New York CMSA, New York, N.Y. had the highest average annual pay at \$58,963. The New Haven-Bridgeport-Stamford-Waterbury-Danbury, Conn. PMSA followed at \$52,177 and the Middlesex-Somerset-Hunterdon, N.J. PMSA ranked third with pay of \$49,830. Rounding out the top five pay positions in the New York CMSA were the Newark, N.J. area (\$47,713) and the Jersey City area (\$47,638).

Of the 11 PMSAs comprising the New York CMSA, 9 had a pay level surpassing the overall average of \$37,897 for all 318 metropolitan areas in the United States. (See Technical Note for definition of a metropolitan area.) In fact, the New York, New Haven, Middlesex, Newark, and Jersey City areas ranked third, fourth, fifth, sixth, and seventh, respectively, among all metropolitan areas across the nation. Two other PMSAs in the greater New York area--Trenton, N.J. (\$45,746) and Bergen-Passaic, N.J. (\$44,667)--also ranked in the top thirteen nationally. Other areas within the New York CMSA with above average annual earnings include Nassau-Suffolk, N.Y. (\$39,649) and Dutchess County, N.Y. (\$38,744).

The Monmouth-Ocean, N.J. area's pay of \$37,037 placed it just under the national average for all metropolitan areas. And at \$29,833, the Newburgh, N.Y.-Penn. area had the lowest pay level of any PMSA in the greater New York area.

Dutchess county, with a pay gain of 7.4 percent, had the largest increase among the 11 PMSAs in the New York CMSA and ranked second highest among all metropolitan areas in the nation. The New York, New Haven, and Newburgh PMSAs all recorded gains of 3.1 percent and were the only other areas in the New York CMSA to surpass the national increase in pay for all metropolitan areas of 2.4 percent. The Newark PMSA, on the other hand, was one of only 10 metropolitan areas nationally to report a decline in annual pay, down 1.9 percent.

Average annual pay for 2001 and other data from the Covered Employment and Wages (CEW) program is available on the BLS Web site at <a href="http://www.bls.gov/cew/">http://www.bls.gov/cew/</a> .
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**Table 1. Average annual pay for 2000 and 2001 for all covered workers 1/  
by Consolidated Metropolitan Statistical Area**

Consolidated Metropolitan Statistical Area 2/	Average annual pay 3/		Percent change, 2000-01
	2000 4/	2001	
Consolidated Metropolitan Statistical Areas 5/ ...	\$42,641	\$43,424	1.8
Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH ....	45,021	45,768	1.7
Chicago-Gary-Kenosha, IL-IN-WI .....	40,708	41,778	2.6
Cincinnati-Hamilton, OH-KY-IN .....	34,595	35,561	2.8
Cleveland-Akron, OH .....	34,130	34,945	2.4
Dallas-Fort Worth, TX .....	39,987	40,915	2.3
Denver-Boulder-Greeley, CO .....	41,328	41,985	1.6
Detroit-Ann Arbor-Flint, MI .....	41,396	41,619	0.5
Houston-Galveston-Brazoria, TX .....	40,312	42,084	4.4
Los Angeles-Riverside-Orange County, CA .....	37,973	39,072	2.9
Miami-Fort Lauderdale, FL .....	33,293	34,304	3.0
Milwaukee-Racine, WI .....	34,426	35,470	3.0
New York-Northern New Jersey- Long Island, NY-NJ-CT-PA .....	50,073	51,121	2.1
Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD ..	38,540	39,701	3.0
Portland-Salem, OR-WA .....	35,855	36,111	0.7
Sacramento-Yolo, CA .....	36,262	37,737	4.1
San Francisco-Oakland-San Jose, CA .....	56,546	54,182	-4.2
Seattle-Tacoma-Bremerton, WA .....	41,993	42,251	0.6
Washington-Baltimore, DC-MD-VA-WV .....	42,135	44,242	5.0
San Juan-Caguas-Arecibo, PR .....	19,623	20,535	4.6

1/ Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

2/ Includes data for Consolidated Metropolitan Statistical Areas (CMSA) as defined by OMB Bulletin No. 99-04. In the New England areas, the New England County Metropolitan Area (NECMA) definitions were used. See Technical Note.

3/ Data are preliminary. Each year's total is based on the CMSA definition for the specific year. Annual changes include differences resulting from changes in CMSA definitions.

4/ Annual pay levels for individual consolidated metropolitan areas have been adjusted to reflect noneconomic county reclassifications where applicable. The total for all consolidated metropolitan areas combined, however, has not been adjusted for these reclassifications. See Technical Note.

5/ Totals do not include the San Juan-Caguas-Arecibo CMSA within Puerto Rico.

Table 2. Average annual pay for 2000 and 2001 for all covered workers 1/  
by all metropolitan areas in the United States and the New York-  
Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA

Metropolitan statistical area 2/	Average annual pay 3/			
	2000 4/	2001	Percent change, 2000-01	National rank of area by level of annual pay for 2001
All U.S. metropolitan areas 5/ ..	\$37,017	\$37,897	2.4	-
Bergen-Passaic, NJ .....	43,879	44,667	1.8	13
Dutchess County, NY .....	36,065	38,744	7.4	30
Jersey City, NJ .....	47,429	47,621	0.4	7
Middlesex-Somerset-Hunterdon, NJ ...	48,987	49,830	1.7	5
Monmouth-Ocean, NJ .....	36,404	37,037	1.7	42
Nassau-Suffolk, NY .....	38,958	39,649	1.8	28
New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT .....	50,596	52,177	3.1	4
New York, NY .....	57,231	58,963	3.1	3
Newark, NJ .....	48,656	47,713	-1.9	6
Newburgh, NY-PA .....	28,949	29,833	3.1	175
Trenton, NJ .....	44,657	45,746	2.4	11

1/ Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

2/ Includes data for Primary Metropolitan Statistical Areas (PMSA) as defined by OMB Bulletin No. 99-04. In the New England area, the New England County Metropolitan Area (NECMA) definitions were used. See Technical Note.

3/ Data are preliminary. Each year's total is based on the MSA definition for the specific year. Annual changes include differences resulting from changes in MSA definitions.

4/ Annual pay levels for individual metropolitan areas have been adjusted to reflect noneconomic county reclassifications where applicable. The total for all metropolitan areas combined, however, has not been adjusted for these reclassifications. See Technical Note.

5/ Totals do not include the six MSAs within Puerto Rico.

## **Technical Note**

These data are the product of a federal-state cooperative program known as Covered Employment and Wages, or the ES-202 program. The data are derived from summaries of employment and total pay of workers covered by unemployment insurance (UI) legislation and provided by State Employment Security Agencies (SESAs). The summaries are a byproduct of the administration of state unemployment insurance programs that require most employers to pay quarterly taxes based on the employment and wages of workers covered by UI. Data for 2001 are preliminary and subject to revision. The 2000 data used to calculate the 2000-01 changes for individual metropolitan areas and consolidated metropolitan areas presented in this release were adjusted for changes in county classification to make them comparable to data for 2001. As a result, the adjusted 2000 data differ to some extent from the data available from the BLS Web site.

### **Coverage**

Employment and wage data for workers covered by state UI laws and for federal civilian workers covered by the Unemployment Compensation for Federal Employees (UCFE) program are compiled from quarterly contribution reports submitted to the SESAs by employers. In addition to the quarterly contribution reports, employers who operate multiple establishments within a state complete a questionnaire, called the "Multiple Worksite Report," which provides detailed information on the location and industry of each of their establishments. Average annual pay data included in this release are derived from microdata summaries of 8.0 million employer reports of employment and wages submitted by states to the Bureau of Labor Statistics. These reports are based on place of employment rather than place of residence.

UI and UCFE coverage is broad and basically comparable from state to state. In 2001, UI and UCFE programs covered workers in 129.7 million jobs. The estimated 124.8 million workers in these jobs (after adjustment for multiple jobholders) represented 99.7 percent of wage and salary civilian employment. Multiple jobholder estimates are produced by the Current Population Survey. Covered workers received \$4.695 trillion in pay, representing 94.8 percent of the wage and salary component of personal income and 46.6 percent of the gross domestic product. About 83 percent of all covered workers were employed in metropolitan areas. Total wages of workers in metropolitan areas comprised approximately 87 percent of all covered wages in the United States.

Major exclusions from UI coverage during 2001, are self-employed workers, most agricultural workers on small farms, all members of the Armed Forces, elected officials in most states, most employees of railroads, some domestic workers, most student workers at schools, and employees of certain small non-profit organizations.

### **Concepts and methodology**

Average annual pay was computed by dividing total annual pay of employees covered by UI programs by the average monthly number of these employees. In addition to salaries, average annual pay data include bonuses, the cash value of meals and lodging when supplied, tips and other gratuities, and, in some states, employer contributions to certain deferred compensation plans, such as 401(k) plans and stock options. Monthly employment is based on the number of workers who worked during or received pay for the pay period including the 12th of the month. With few

exceptions, all employees of covered firms are reported, including production and sales workers, corporation officials, executives, supervisory personnel, and clerical workers. Workers on paid vacation and part-time workers are also included. Percent changes in average annual pay were computed using preliminary North American Industry Classification System (NAICS)-based 2000 data as the base. These preliminary NAICS-based 2000 data will differ from the SIC-based 2000 data previously published.

Average annual pay is affected by the ratio of full-time to part-time workers as well as the number of individuals in high-paying and low-paying occupations. When comparing average annual pay levels among metropolitan areas, these factors should be taken into consideration. Annual pay data only approximate annual earnings because an individual may not be employed by the same employer all year or may work for more than one employer. Also, year-to-year changes in average annual pay can result from a change in the proportion of employment in high- and low-wage jobs, as well as from changes in the level of average annual pay.

In order to insure the highest possible quality of data, SESAs verify with employers and update, if necessary, the industry, location, and ownership classifications of all establishments on a 3-year cycle. Changes in establishment classification codes resulting from the verification process are introduced with the data reported for the first quarter of the year. Changes resulting from improved employer reporting also are introduced in the first quarter. For these reasons, some data, especially at more detailed geographic levels, may not be strictly comparable with earlier years.

The combined metropolitan area totals and the consolidated metropolitan areas totals provided in tables 1 and 2, respectively, have not been adjusted for changes in county classifications or changes in metropolitan statistical area or consolidated metropolitan statistical area definitions. Individual metropolitan areas and consolidated metropolitan areas, however, have been adjusted for county reclassifications. Historical data presented in this release have not been adjusted for changes in noneconomic county reclassifications or changes in metropolitan area definitions.

The Office of Management and Budget (OMB) defines metropolitan areas for use in federal statistical activities and updates these definitions, as needed, each summer. Data in this release use metropolitan area criteria established by OMB in definitions issued June 30, 1999, (OMB Bulletin No. 99-04). These definitions reflect information obtained from the 1990 Decennial Census and the 1998 U.S. Census Bureau population estimate. Metropolitan Statistical Area definitions are typically redefined on a yearly basis. A complete list of metropolitan area definitions is available from the National Technical Information Service (NTIS), Document Sales, 5205 Port Royal Road, Springfield, Va. 22161, telephone 1-800-553-6847.

Generally speaking, a Metropolitan Statistical Area (MSA) is a freestanding urban area that meets a specified size criteria. Primary Metropolitan Statistical Areas (PMSAs) are freestanding areas within very large MSAs. Once an area is identified as a PMSA, the term MSA no longer is used to describe the area. The large metropolitan area that is the sum of the PMSAs is called a Consolidated Metropolitan Statistical Area (CMSA). The set of areas known as MSAs, PMSAs, and CMSAs are collectively designated and referred to as metropolitan areas. Nonmetropolitan

areas include counties which do not fall within defined metropolitan areas. Covered employment and wage data include establishments classified as foreign locations, out-of-state locations, and unknown locations in nonmetropolitan areas.

Current metropolitan area definitions are based on standards published in the Federal Register on March 30, 1990, (55 FR12154-12160). Under the 1990 standards, an area qualifies for recognition as an MSA in one of two ways: (1) if it includes a city of at least 50,000 population, or (2) if it includes a U.S. Census Bureau-defined urbanized area (of at least 50,000 population) and has a total metropolitan population of at least 100,000 (75,000 in New England). In addition to the county(ies) containing the main city or urbanized area, an MSA may include additional counties that have strong economic and social ties to the central county(ies) and meet other specified requirements of metropolitan character. The ties are determined chiefly by census data on commuting to work. An MSA may contain more than one city of 50,000 population and may cross state lines.

An area that meets these requirements for recognition as an MSA but also has a total population of one million or more may be recognized as a CMSA if: (1) separate component areas can be identified within the entire area by meeting specified statistical criteria, and (2) local opinion indicates there is support for the component areas. If recognized, the component areas are designated PMSAs, and the entire area becomes a CMSA. If no PMSAs are recognized, the entire area is an MSA.

OMB defines metropolitan areas in terms of entire counties, except in the six New England states where they are defined in terms of cities and towns. New England data in this news release, however, are based on a county concept defined by OMB as New England County Metropolitan Areas (NECMAs) because county-level data are the most detailed available from the Covered Employment and Wages program. NECMAs are county-based alternatives to the city- and town-based metropolitan areas in New England. The NECMA for an MSA or CMSA includes: (1) the county containing the first-named city in that MSA/CMSA title (this county may include the first-named cities of other MSAs/CMSAs), and (2) each additional county having at least half its population in the MSA(s)/CMSA(s) whose first-named cities are in the county identified in step 1. The NECMAs are officially defined areas that are meant to be used by statistical programs that can not, or choose not to, use the regular metropolitan area definitions in New England. However, the NECMA definitions do not include official definitions that correspond to the CMSA concept. Therefore, there are no explicit definitions that correspond to the New York CMSA.

### **Change in Industry Classification Systems**

Beginning with the release of data for 2001, publications presenting data from the Covered Employment and Wages program use the 2002 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry. NAICS is the product of a cooperative effort on the part of the statistical agencies of the United States, Canada, and Mexico. Due to differences in NAICS and SIC structures, industry data for 2001 are not comparable to the SIC-based data for earlier years.

NAICS uses a production-oriented approach to categorize economic units. Units with similar production processes are classified in the same industry. NAICS focuses on **how** products and services are created, as opposed to the SIC focus on **what** is produced. This approach yields significantly different industry groupings than those produced by the SIC approach.

Data users will be able to work with new NAICS industrial groupings that better reflect the workings of the U.S. economy. For example, a new industry sector called Information brings together units which turn information into a commodity with units which distribute that commodity. Information's major components are publishing, broadcasting, telecommunications, information services, and data processing. Under the SIC system, these units were spread across the manufacturing, communications, business services, and amusement services groups. Another new sector of interest is Professional and technical services. This sector is comprised of establishments engaged in activities where human capital is the major input.

Users interested in more information about NAICS can access the Bureau of Labor Statistics Web page at <http://www.bls.gov/bls/naics.htm> and the U.S. Census Bureau Web site at <http://www.census.gov/epcd/www/naics.html>. The NAICS 2002 manual is available from the National Technical Information Service (NTIS) Web page at <http://www.ntis.gov>.

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone number: 1-800-877-8339.